

EXECUTIVE OFFICE OF THE PRESIDENT  
BUREAU OF THE BUDGET  
Washington 25, D. C.

February 3, 1953

My dear Mr. Secretary:

One of the first and most important tasks of our new administration is to review the 1954 Budget and to proceed toward the accomplishment of a balanced budget.

This review will take the initial steps toward that goal; will establish in definitive form how far we can go in that direction in the fiscal year 1954; and set the stage for the fiscal year 1955. It should help to identify issues that will be significant in the formulation of the budget for that year.

The problem is complicated by inheritance of the costs of a Federal debt of more than \$265 billion; indicated deficits for the fiscal years 1953-1954 totaling \$15.8 billion; and accumulated unexpended balances of appropriations in excess of the total new obligational authority requested for fiscal year 1954.

It is clear that this situation will not be brought under control without action to reduce budgetary obligational authority, reduce the level of expenditures, critically examine existing programs, restrain commitments for new programs, and generally to drive for greater efficiency and reduced costs.

In this review the policies shall be as follows:

With respect to personnel: It is the policy to reduce the number of Government employees. Each department or agency head shall immediately restrict the hiring of additional personnel. No vacancies shall be filled until the department or agency head shall have determined to his satisfaction that:

- a. The positions represented by vacancies cannot be eliminated.
- b. Existing employees cannot be shifted to cover the vacancies.
- c. Increased efficiency, better utilization of personnel, or changes in standards and policies of department or agency operation will not make possible the attainment of a and b above.

- 2 -

It is the policy to achieve a progressive reduction of personnel for the remainder of the fiscal year 1953 and for the 1954 Budget. Variations from this policy, as applied to individual departments and agencies, will be granted by the President in his review of the 1954 Budget only upon specific request and adequate justification by the department or agency head.

With respect to construction: It is the policy to proceed only with those projects which are deemed clearly essential in terms of the objectives of this administration and on such projects to employ the strictest standards of economy. Each department and agency head is therefore directed to:

- a. Review all proposed or authorized construction projects on which work has not yet begun, and to propose initiation of construction during the remainder of the fiscal year 1953 and the fiscal year 1954 only on those projects which he determines meet the above criteria.
- b. Review all going construction projects in the light of the above criteria and take such action as he may deem appropriate, including action to stop the work.

With respect to all programs: It is the policy to operate at a minimum level of cost and expenditures. This policy requires that the necessity for all work be questioned and that action be taken to eliminate unnecessary programs and to hold the remainder to minimum levels. Each department and agency head is therefore directed to:

- a. Permit no increases over the January rate of obligations except on complete justification and specific approval, unless such increases are clearly necessary to meet requirements fixed by law.
- b. Initiate an immediate review within his department or agency calling for recommendations on the downward adjustment of program levels and for information as to the probable effect of such adjustments on Government services.

The results of these reviews should be used wherever possible in the 1954 Budget revision procedure and in the preparation of submissions for the 1955 Budget.

- 3 -

You are expected to translate these guides into proposals for specific revisions of the budget figures for your department or agency and to transmit them to this office in the form indicated in the attachment. Your proposals should be received by this office on or before March 2, 1953.

Pending the receipt of your recommendations and the President's decisions on proposed revisions of the 1954 Budget, any significant deviation from these policies and criteria shall be reported to the Bureau of the Budget.

Your recommendations pertaining to the 1954 Budget also should indicate the possibilities of making further changes in subsequent budgets where you propose that legislation now in effect be amended or repealed. Where your budget review indicates the desirability of a change in legislation, a draft bill or other proposal for action should be submitted for appropriate clearance as promptly as possible.

Legislative proposals, originating either in Congress or in your department or agency, which would affect financial requirements of your department or agency, should be reviewed in the light of the budget policies set forth above.

The recommendations which you make in response to this letter, like all other budget estimates, are in the nature of advice for the President, and are highly confidential prior to the time that the President formally has acted thereon.

Sincerely yours,

(Signed) Jos. M. Dodge

Director

The Honorable

The Secretary of \_\_\_\_\_